

Rural Housing Conditions Improve but Affordability Continues To Be a Problem

Rural housing quality has improved over time and rural-urban differences in housing adequacy have all but disappeared. Yet 1.6 million rural households live in housing classified as substandard. At the same time, substantial proportions of both rural and urban households are burdened by housing costs that exceed 30 percent of their income.

Many rural areas have grown both economically and in population during the 1990's. New settlement patterns showing increased metro-to-nonmetro migration have raised questions about the adequacy of existing housing and amenities to meet this population and employment growth. In many rural communities, increased demands for water, sewerage, and other economic and social services have strained local resources. Also, the housing cost burden (housing costs as a proportion of income) continues to be a major problem across the United States. Newly released data from the 1995 American Housing Survey indicate that despite improvements and a narrowing of the rural-urban gap in rural housing conditions, issues related to both housing quality and affordability continue to affect a substantial number of rural households.

Rural Housing Increases at a Slower Rate Than Urban

According to data from the 1995 American Housing Survey, nonmetropolitan areas contained a total of 21.6 million occupied, year-round housing units (table 1), comprising about 22 percent of total occupied housing in the United States. Nonmetro occupied housing stock (housing units occupied by owners or renters) has increased over time, but at a slower rate than that of metro areas. Between 1985 and 1993, occupied nonmetro housing increased by over a million units, a gain of 5.2 percent. (The 1995 data are not strictly comparable with earlier years because of a change in the metro-nonmetro definition.) The largest increase occurred in the West, an area with high population and employment growth during this time period. Housing stock in metro areas grew at a faster rate of 7.7 percent over the 8-year period, reflecting a substantially higher metro population growth during the 1980's and slightly higher metro population growth in the early 1990's. Most of this increase in both metro and nonmetro areas was in owner-occupied units.

Housing Stock and Household Characteristics Differ Between Rural and Urban Areas

Nonmetro areas have higher percentages of single-family detached dwellings, mobile homes, and seasonal units such as vacation homes; higher rates of home ownership; and less crowding in terms of persons per room than in metro areas. At the same time, housing units in nonmetro areas are also more likely to lack complete plumbing, a private bath, and a complete kitchen, and to have electrical defects, such as exposed wiring and rooms without electrical outlets, compared with metro units. However, each of these problems is present in less than 4 percent of the units in either metro or nonmetro areas. Owner-occupied nonmetro units have lower median values, lower property taxes, and require lower monthly housing expenditures than metro units. The median rent is lower in nonmetro areas as well.

Population and housing characteristics are inextricably linked and rural-urban differences in household composition and characteristics are important for understanding the supply of and demand for housing in rural and urban areas. Rural households as a group differ from urban households in that they are more likely to be husband-wife families and to be headed by an elderly person (over 65). They are less likely to have female householders or to consist of a young single individual than are urban households. Rural householders are more likely to be White and their educational levels tend to be lower than those of their urban counterparts. Nonmetro household income is lower than that of metro areas, and nonmetro households were more likely to be in poverty or in near-poverty (with incomes between the poverty level and 200 percent of the poverty level) than metro households in 1995.

Rural-Urban Differences in Housing Quality Are Minimal

Nonmetro housing appears to have no greater problems of housing quality than metro housing. Less than 2 percent of either metro or nonmetro units lack complete plumbing facilities—a traditional indicator of housing quality. A second criterion—crowding—also shows little rural-urban difference. A unit is considered crowded if the person-per-room ratio is greater than 1:1. The incidence of overcrowding in nonmetro areas was less than 2 percent, and less than 3 percent in metro areas (fig. 1).

A third indicator of housing quality measures moderate or serious housing inadequacy based on the combined severity of problems with plumbing, heating, upkeep, hallways, and electricity. About 92 percent of nonmetro and 94 percent of metro units were classified as physically adequate using this measure. Both the number and proportion of households living in physically inadequate housing has declined over time and the rural-urban gap has diminished. Almost 1.8 million housing units in nonmetro areas were considered to be moderately or seriously inadequate in 1995.

Table 1

Household and housing unit characteristics, 1995

Nonmetro areas have higher percentages of single-family detached dwellings and mobile homes, and higher rates of home ownership than metro areas

Characteristics	Nonmetro	Metro
	1,000	
Total occupied housing units:	21,586	76,107
	Percent	
Single unit	74.7	66.0
With 2-9 units	8.7	16.1
With 10 or more units	3.0	13.7
Mobile homes/trailers	13.6	4.2
Owner-occupied	73.5	62.7
Renter-occupied	26.5	37.3
Married couples with children	55.5	50.9
Other male householder	16.4	19.0
Other female householder	28.1	30.1
Below poverty level	17.5	14.4
Near poverty (between poverty and 200 percent of poverty level)	24.1	17.7
Other	58.4	67.9
Householder characteristics:		
Age under 45 years	42.2	49.9
Age 46-64	31.1	30.3
Age 65 and over	26.7	19.8
Less than high school graduation	25.3	17.5
High school diploma or GED	40.4	32.4
Some college	34.3	50.1
White, non-Hispanic	87.7	73.8
Black and other	9.3	17.0
Hispanic	3.0	9.2

Source: Calculated by ERS using data from the American Housing Survey.

This composite indicator is only a loose proxy for substandard housing. For example, over half of the nonmetro units with broken plaster or peeling paint were classified as adequate, as were 92 percent of units reporting basement leaks, 53 percent of those reporting open cracks or holes in walls or floors, and 73 percent reporting inadequate heat due to equipment breakdowns.

Housing Cost Burdens Remain High for Both Rural and Urban Households

The gap between what people can afford to pay and the cost of housing is a major housing problem throughout the United States. Housing cost burdens are generally measured as a percentage of gross household income. During the 1960's, in the early days of the public housing program, housing costs above 20 percent of income were considered burdensome. Since the early 1980's, the Department of Housing and Urban Development has defined moderate cost burdens as those between 30 and 50 percent of income, and severe cost burdens as those above 50 percent. Percent of income paid for housing is only a rough proxy for housing affordability. Clearly, the proportion of one's income that is affordable for housing depends both on one's income level and other basic needs.

Rural households are less likely to have moderate or severe housing cost burdens than urban residents. Housing costs include expenses for mortgages, rents, real estate taxes, property insurance, condominium and homeowners' fees, utilities, fuels, and trash collection. Although incomes in rural areas tend to be lower than in urban areas, housing costs are also lower. In 1995, median income of families and primary individuals in nonmetro areas was \$25,942, compared with \$26,567 in metro central cities and \$35,996 in metro suburbs. But monthly housing costs in nonmetro areas were relatively low, with a median of \$377, compared with \$545 in central cities and \$652 in suburbs of metro areas.

Even so, over 4.8 million nonmetro households, or 24 percent of the total, paid more than 30 percent of their incomes for housing (fig. 2). Nearly 1 in 10 nonmetro households spent over half of their income on housing. For these households, there can be little left over for other living expenses. An even greater proportion (33 percent) of metro households experienced moderate or severe cost burdens. The proportions of metro and nonmetro households with these high housing costs have remained relatively constant since 1985.

Poverty thresholds are probably better measures of ability to pay for housing since they account for differences in household size. About 71 percent of poor nonmetro households had moderate or severe cost burdens. High cost burdens in rural areas were primarily a factor of low income rather than high housing costs. Almost 60 percent of those nonmetro households with high cost burdens paid less than \$500 monthly for their housing costs.

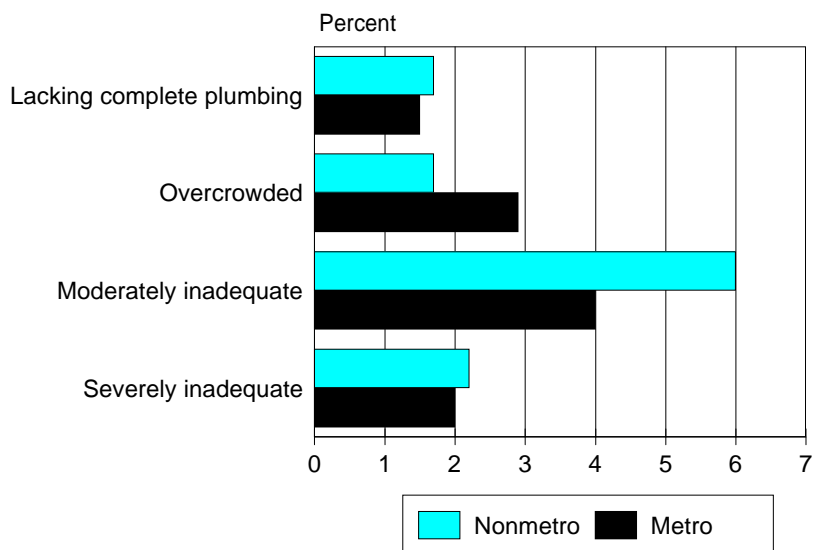
Housing Quality and Affordability Are Issues in Both Areas

While it is true that housing conditions have improved over time and that rural-urban differences in housing adequacy have all but disappeared, almost 1.8 million nonmetro and 4.6 million metro households live in housing classified as substandard. Substantial proportions of both rural and urban households have housing expenses that exceed 30 percent of their income, although this problem is less serious in rural than urban areas. Finally, the national data presented here mask considerable regional diversity in housing conditions and affordability, as well as unique housing problems faced by such population groups as the elderly, single-parent families, young beginning households, and racial/ethnic minority groups. Housing problems of quality and affordability for these population groups and for rural residents of some regions are more serious than the national trends depict. [*Leslie A. Whitener, 202-219-0935 (after October 24, 202-694-5442), whitener@econ.ag.gov*]

Figure 1

Indicators of rural housing quality, 1995

Metro-nonmetro differences in housing quality are minimal



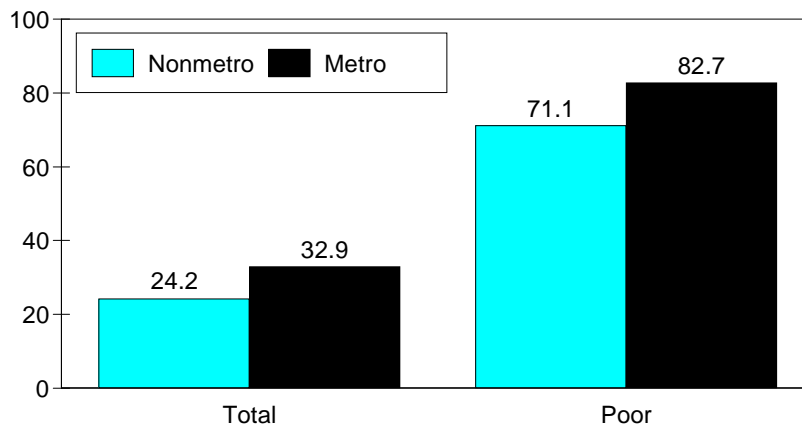
Source: Calculated by ERS using data from the American Housing Survey.

Figure 2

Housing cost burdens by poverty status, 1995

Large proportions of both metro and nonmetro households paid 30 percent or more of their income for housing costs

Percent paying 30 percent or more for housing



Note: Excludes households paying no cash rent, or having zero or negative income.

Source: Calculated by ERS using data from the American Housing Survey.

Housing Quality Measures

Lacking complete plumbing facilities: The housing unit does not have all three specified plumbing facilities (hot and cold piped water, flush toilet, and bathtub or shower) inside the housing unit, or the toilet or bathing facilities are also for the use of the occupants of other housing units.

Crowded housing unit: A housing unit is considered crowded if the person-per-room ratio is greater than 1:1.

Severely inadequate housing: A housing unit has severe physical problems if it has any of the following five problems:

Plumbing. Lacking hot or cold piped water or a flush toilet, or lacking both bathtub and shower, all inside the structure for the exclusive use of the unit.

Heating. Having been uncomfortably cold last winter for 24 hours or more because the heating equipment broke down, breaking down at least three times last winter for at least 6 hours each time.

Electric. Having no electricity, or all of the following three electric problems: exposed wiring, a room with no working wall outlet, and three blown fuses or tripped circuit breakers in the last 90 days.

Upkeep. Having any five of the following six maintenance problems: water leaks from the outside, leaks from the inside structure, holes in the floor, holes in the walls or ceilings, more than a square foot of peeling paint or broken plaster, or signs of rats or mice in the last 90 days.

Hallways. Having all of the following four problems in public areas: no working light fixtures, loose or missing steps, loose or missing railings, and no elevator.

Moderately inadequate housing. A unit has moderate physical problems if it has any of the following five problems, but none of the severe problems.

Plumbing. Having the toilets all break down at once, at least three times in the last 3 months, for at least 6 hours each time.

Heating. Having unvented gas, oil, or kerosene heaters as the main source of heat; these give off unsafe fumes.

Upkeep. Having any three of the six upkeep problems mentioned under severe.

Hallways. Having any three of the four hallway problems mentioned under severe.

Kitchen. Lacking a sink, range, or refrigerator, all for the exclusive use of the unit.